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ABSTRACT

This report is a compilation of the presentations made at three New York State School Boards Association seminars on school budgets. The programs consisted of presentations on the relationship of the school district's program to the budget and to budget development, timetable, control, and presentation, as well as to other considerations such as reserve funds, budget transfers, internal auditing, and contingency budgets. (IRT)

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SCHOOL BUDGET SEMINARS

A Compilation of the
Presentations Made at the
Seminars Held in
January and February 1975

New York State School Boards Association, 111 Washington Avenue, Albany, N.Y. 12210

EA 007 322

FOREWORD

Decisions concerning school budgets have been most demanding on school board members and other school officials. Inquiries have increased tremendously during the past ten years to the New York State School Boards Association headquarters. In the light of all the difficulties school districts had been encountering, it was only fitting that the New York State School Boards Association conduct a seminar on the subject.

Almost 400 school officials, representing school districts from all regions of the State, participated in the three seminars that were held in White Plains-Elmsford, Syracuse and Albany. Those attending included school board members, chief school administrators, school business officials and other school officials involved in the preparation of school budgets.

The program consisted of presentations on the relationship of the school district's program to the budget, developing the school budget and the budget timetable, budget control and other budgetary considerations including such items as reserve funds, budget transfers, internal auditing, contingency budgets and others, and the budget presentation. The seminars included question and answer sessions when participants not only asked questions but were able to share their experiences with the presenters and others.

This seminar report puts together the presentations made at these seminars. They provide a summarized reference to the subjects covered at our budget seminars.

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THE SCHOOL DISTRICT PROGRAM

Dr. Clyde O. Eidens

Similar to many of you, I am a practicing chief school administrator. This means I lose my full quota of blood each spring during the budget development process and along the way I have received my share of scars. I come to you not as an expert, but as a colleague who struggles daily with the same problems you face.

For whatever it is worth, I intend to tell you the Scotia-Glenville story. During this session we will be exchanging ideas; we should learn from each other. If there is something we do in Scotia-Glenville that makes sense to you, then good; if not, you can go home with the thought that your own ideas have been reinforced through evaluating them against those presented here.

After making several somewhat general remarks about developing programs and budgets, it is my plan to handle my responsibility this moring by describing:

1. A long range program approach to program and budget development
2. A short range, year by year, approach
3. A method of closing the "gap" as difficult program and budget decisions are made.

GENERAL REMARKS

Similar to you, I am sure, I have developed over the years some views about the business we are in that have become fundamental to how I approach any aspect of the job. Because I believe they relate directly to the central theme of this conference, I am going to summarize several of them.

1. Goals of the school board and top management must tie program and budget together. It is the responsibility of the chief school administrator and board to establish and maintain a long range planning program which relates educational objectives to fiscal plans.

2. We sell learning. This is our product. We need to manage well staff, time, space, budget, evaluation and so forth. The goal is to reach district objectives in as efficient a manner as possible; thus the ultimate goal is to know what has been learned and how much it has cost in the process. Once this information is available, low efficiency areas can be identified and corrected. Let me add quickly that I believe we are a long way from achieving this goal.

3. A budget is a tool for educational leadership. A budget is a dollars and cents description of the programs you intend to implement to reach the goals of the district.

4. Involve those close to the action. Working through supervisors, virtually every staff member should play some role in setting goals, planning programs, developing strategies, and so forth.

5. Planning and evaluating programs is a continuous process. It should flow over the full 12 months.

6. Have a written plan for reaching district goals. This probably will take years to develop, but it is essential. We are working on a plan in Scotia-Glenville, but it is not completed.

7. Provide written guidelines for supervisors and staff when planning the school budget.

8. Expect to be a mediator in a series of compromises with your staff. In the final analysis, you must present a recommended budget to the board. You must stand behind it. This is your budget. You do not arrive at a superintendent's budget by voting at the administrative council table.

9. Deal with major elements of the budget. Do not get yourself bogged down with detail. Let your school business administrator handle coding and preparation of the tedious, but very important, detail. You stick with such items as program, staff, ideas, themes, plans and evaluation.

10. The chief school administrator should recommend how to close the budget "gap". Everyone knows the board has final authority on the budget, but it is your responsibility to provide the board with your best judgement about how to close the loop between necessary expenditures and expected revenues. Do not put the monkey on their backs concerning what to take out of the budget. Once they tell you how many dollars must be trimmed from the budget, your job is to place in front of them the most thoughtful recommendations possible. You should get advice and counsel from your administrators and, if possible, the entire staff. This often becomes difficult because of the negotiations atmosphere dominant today.

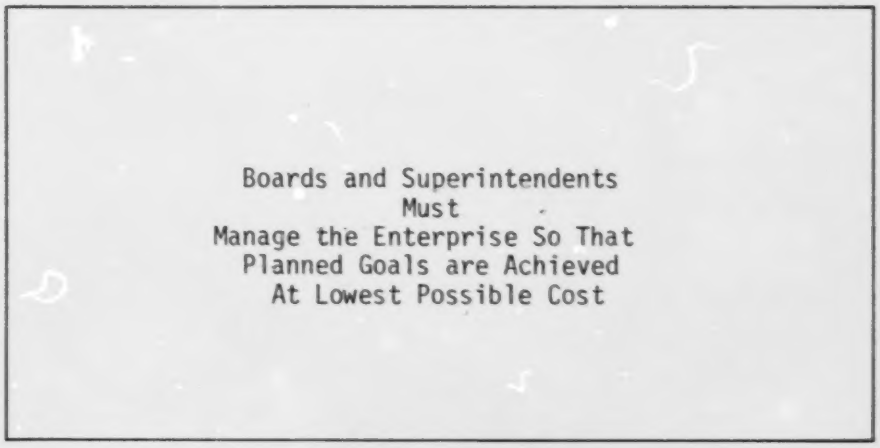
Let us turn now to the budget process and how in Scotia-Glenville we plan our budget, with particular emphasis on educational and service planning. I will use slides to make key points.

A. Long Range Program Approach to Budget Development

A Basic Responsibility of the Superintendent is to Develop, in Some Manner, Continuing District Purposes and Objectives for Board Consideration

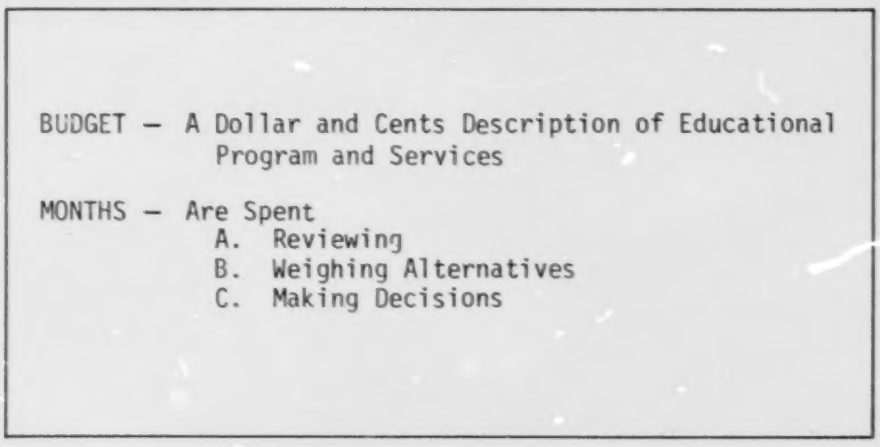
Slide 1

This is fundamental to the well-being of any school system, regardless of size. What are the basic reasons for the existence of the institution? Once agreement is reached, direction for many years will have been determined.



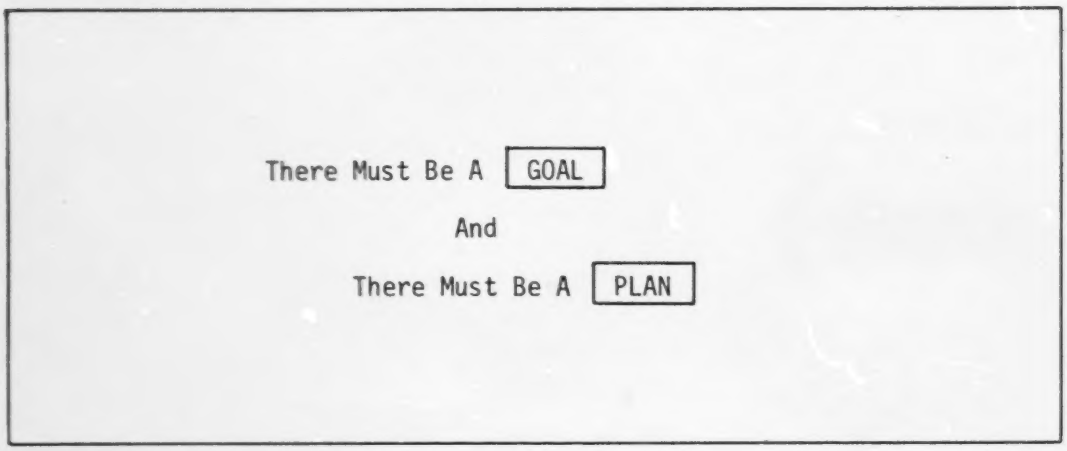
Slide 2

People often have a difficult time understanding this. They believe you are diluting quality, which should not be the case, of course.


BUDGET – A Dollar and Cents Description of Educational Program and Services
MONTHS – Are Spent
A. Reviewing
B. Weighing Alternatives
C. Making Decisions

Slide 3

The approved budget is a community plan for reaching, on a one year basis, specific educational objectives.



Slide 4

Axiomatic. Without a goal, how do you know where you are going? Without a plan, how do you know if the resources of the district are allocated in relation to priorities?

STATEMENT OF PURPOSE

The broadest, most comprehensive statement that can be made about central or continuing purpose. The chief function of an organization which justifies continuing support of the organization by society and which provides direction for the administration of the organization. A statement of purpose provides a focus for the resources (people, time, facilities, money) of the organization.

(Definition – AMA)

Slide 5

After a year or so of preliminary planning, it took us about six months to identify a mission statement and continuing district objectives. Staff, students, citizens and board were involved. It was one of the finest professional experiences I have ever had. The American Management Association and our regional planning center were of great assistance. Also, the North Syracuse School District provided very helpful counsel.

Characteristics of a Good LRP

A. Mission and Major Goals
   - An objective must:
     - Relate to a goal
     - Be measurable or observable
     - Time-frame
     - Phrased in terms of desired results

B. Baseline Data

C. Constraints and Assumptions
   - Fiscal
   - Legal
   - Attitudinal

(cont'd)

Slide 6

(cont'd)

D. Assessment of Needs

E. Identification of Priorities

F. Revenue and Expenditure Projections for Five Years

G. Action Plans — Who Will Do What, and When for First Year

H. In-Service Development

I. Checkpoints and Evaluation

J. Provision for Revision

Slide 7

In Scotia-Glenville, we have been developing a long range plan and implementing a planning system for about three years. It is taking longer than anticipated, but I am convinced of its value. Our intention is to have a plan ready for board consideration before the end of this school year. Some of the staff support the idea; some are lukewarm and I am certain some do not like the idea at all. I am satisfied, and so is our board, that regardless of what the future brings in relation to financial pressures, we must have a plan. Particularly in the district purpose and objectives, our staff contributed greatly. I should add that although in this era of negotiations we periodically disagree, we have a truly outstanding faculty at S-G. Because of a "work-to-rule" arrangement, our teachers are now not participating in long range planning. I am hopeful this situation will be rectified soon.

EDUCATIONAL IMPROVEMENT PLAN
For The
SCOTIA-GLENVILLE CENTRAL SCHOOL DISTRICT

Tentative District Priorities From 1975-85

A. Improvement of Basic Literacy Skills
B. Improvement of Citizenship Skills and Understandings
C. Continuing Maintenance of Facilities

Slide 8

These tentative priorities have not yet received board consideration. They are merely to illustrate what we are thinking about at this time. You can see they provide program guidance and direction for the budget process. Countless hours of administrative time have gone into these brief statements.

B. Short Range (One Year) Program Approach to Budget Development

PRIORITIES

Objectives must be ranked in order of priority so that appropriate allocations of resources may be made.

Frequently used criteria are:

1. Importance to purpose of organization (Sense of Urgency)
2. Cost of implementation
3. Probability of success
4. Long-term benefit vs. short-term
5. Public demands

Slide 9

The third criterion is sometimes overlooked in our business, I believe. Also, public demands cannot be ignored.

BUDGET DEVELOPMENT INVOLVES

PEOPLE	TIME	DECISIONS
Administrative Council	August	Forecast
School Board	December	Overview
Staff	Jan-Feb	Budget Input
Administrative Council	Jan-April	Advice and Reactions
Superintendent	March 1	Recommend Budget to Board
Community	April	Reaction and Suggestions
School Board	May	Final Review and Adoption
Community	May, June	Budget Hearings and Vote

Slide 10

This slide shows tnat getting a budget approved by the school board and community is a continuous, full year cycle.

STEPS IN PREPARING BUDGET

SEPT.-FEB. 1. Review program/service plan with supervisors

DEC. 2. Send guidelines to supervisors

JAN.-FEB. 3. Prepare two budgets: Basic and Supplemental

A. Basic – No additional staff

B. Supplemental – Needs and programs if $ become available

(cont'd)

Slide 11

STEPS IN PREPARING BUDGET (cont'd)

JAN.-FEB.	4. Analyze Table of Organization
	5. Identify equipment, textbook and supply lump sums
	6. Develop textual and supporting data
MARCH	7. Present to school board with gap identified
MAR.-APR.	8. Close gap

Slide 12

Slides 11 and 12 indicate more specifically the steps, sequence and timing in the program and budget development process. Since "people" usually account for about 80 percent of the budget, the Table of Organization should receive the lion's share of your time. Textual material is important, too, since the board deserves in writing the best of your thinking and rationale.

BUDGET ASSUMPTIONS AND GUIDELINES (EXAMPLES)

A. No new "layers" of programs or additions to T.O.
B. State aid will decline two percent
C. Federal aid will remain at about 1974-75 level
D. Fund balance is estimated at $150,000
E. Assessed property value will increase $500,000
F. Staff will decrease because of declining enrollment. Economic conditions may result in further staff cuts.
G. Unequal educational needs may require unequal financial support.

Slide 13

The above are illustrations of the kinds of assumptions and guidelines provided Scotia-Glenville supervisors in the budget memorandum. Conservative assumptions and estimates are essential. Depending on your local situation, your assumptions might be quite different from these.

PROGRAM ISSUES AND QUESTIONS (EXAMPLES)

1. What percentage of our expenditure budget should be allocated for planning purposes?

2. Are the needs of students with major handicaps being met? If not, what do you recommend?

3. How should the junior high school be organized in 1975-76 in the light of declining enrollment?

(cont'd)

Slide 14

(cont'd)

PROGRAM ISSUES AND QUESTIONS (EXAMPLES)

4. What are budgetary implications resulting from studies or plans?

   A. Math Plan
   B. Reading Plan
   C. New Physical Education Regulations
   D. Transportation Report

5. What projects can be written up for outside funding?

Slide 15

In the annual budget memo, a series of questions are posed to the supervisors about various aspects of the school district program or support operations. This helps focus their thinking and may ensure that no major problem is overlooked.

Shape Resources By:

A. Changing Functions of Staff Members

B. Placing Stress on Specific Priorities and Let Other Programs "Make Do"

C. Identifying High Cost-Low Yield Areas

Slide 16

FOUR CRITICAL QUESTIONS
WHEN CONSIDERING PROGRAM PROPOSALS

1. Does it make sound educational sense?

2. Does it relate directly to district priorities and goals?

3. Are funds available?

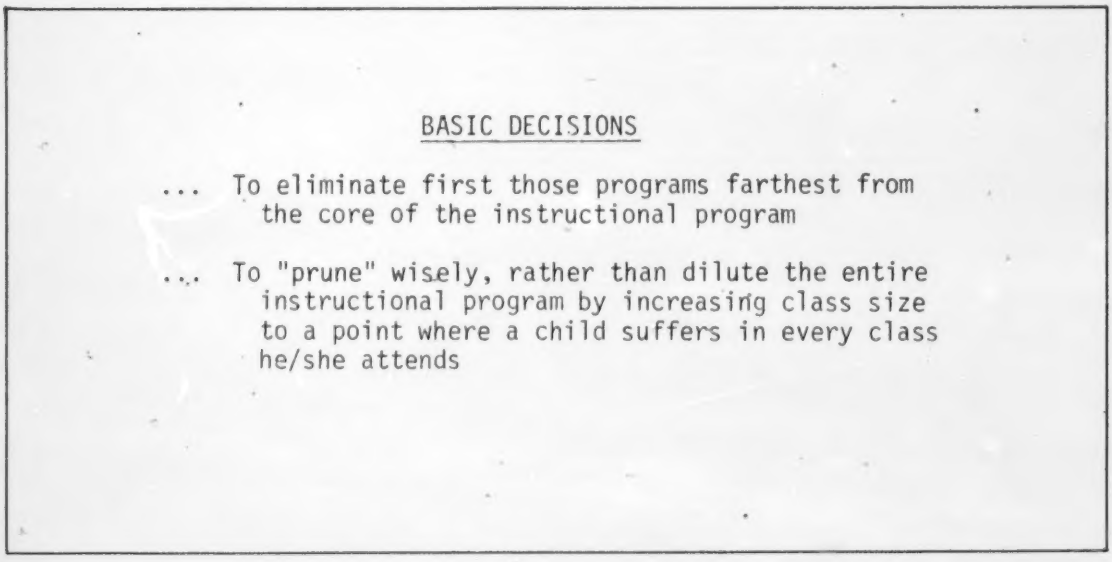
4. Is it "buyable" by the school board?

Slide 17

In recent years it has been difficult to find "new" dollars for new programs. We have tried to make progress, however, primarily through the process outlined in Slides 16 and 17 above. By the time a proposal goes through these processes and reaches the board, it should have been carefully thought through.

C. Closing the Gap

Closing the loop between revenues and expenditures for the next school year is an agonizing process. Financing education has never been easy, but in recent years it has been particularly difficult. There are two ways to close the gap: (1) increase revenues and (2) decrease expenditures. At some point in the budget process, your board must tell you how many dollars are to be removed from the superintendent's budget. (That is, if a gap exists. It may not in some districts. If you are in one of the more fortunate districts, then the same gap closing procedure, only in reverse, may aid you as you consider new programs.) When this happens, a chief school administrator must work closely with key associates in identifying precisely where the cuts should be made. It is at this point that a chief school administrator earns his pay. There will be lobby groups from all sources to see that their favorite program is not touched. Administrators will have strongly held views, and even you and your board will have your biases. If you plan carefully, work closely with your supervisors, promote and articulate well what you believe good education is and maintain your cool, no matter how great the provocation, then you will have fulfilled your responsibilities as the superintendent of schools in your school system.


BASIC DECISIONS
... To eliminate first those programs farthest from the core of the instructional program
... To "prune" wisely, rather than dilute the entire instructional program by increasing class size to a point where a child suffers in every class he/she attends

Slide 18

These two fundamental decisions have helped us greatly since the late 1960's. Each year I review them to see if they are as valid today as when they were first written.

SCOTIA-GLENVILLE GUIDELINES FOR
PROGRAM/SERVICES REDUCTIONS

1. District Priorities
2. Number of students to be affected
3. Retention of programs at levels where greatest learning takes place
4. SED and local mandates

(cont'd)

Slide 19

(cont'd)

SCOTIA-GLENVILLE GUIDELINES FOR
PROGRAM/SERVICES REDUCTIONS

5. Prior staff reductions
6. Program elimination or all areas feel impact
7. Availability and appropriateness of other agencies to offer programs
8. Effects of staff attrition
9. Community questionnaire

Slide 20

The nine criteria listed above give you an indication of the thinking process we follow in identifying the areas for cuts or reductions. Some may appear contradictory – and perhaps are – but they help us respond to the problem in a somewhat orderly manner.

D. Support Services

SUPPORT SERVICES

A. Transportation

1. Citizens' Committee
2. 10 Year Bus Plan
3. Long Range Facility and Other Vehicles Plan

B. Food Service

Self-supporting

C. Operation and Maintenance

One percent of expenditure budget

Slide 21

I was asked to comment briefly on this terribly important part of school operations. We are fortunate in Scotia-Glenville to have excellent staffs in these three areas. As a result, our problems are generally at a minimum level.

Transportation

- Several years ago a citizens' committee provided sound recommendations to our board. Many of their suggestions have been adopted.
- Long range plans, updated yearly, are in place for buses, other vehicles and facilities.

Food Service

- After years of operating at a loss, our cafeteria program is now breaking even. It has been a long struggle, but the board has been patient and the self-sufficiency goal has been reached. An outstanding, hard-working cafeteria staff deserve much credit for this achievement!

Operation and Maintenance

- For the past several years, about one percent of the expenditure budget has been earmarked for maintenance project work. In addition, we employ four maintenance employees to help keep facilities in good repair. This seems to be effective for us.

"THE WISEST USE OF INADEQUATE FUNDS

CANNOT GIVE ADEQUATE EDUCATION."

(Educational Policies Commission)

Slide 22

This slide is a good place to end my comments. No matter how well you identify goals, plan program and evaluate both staff and program, you cannot be successful in providing a sound, comprehensive education for your students if there is not enough money. I believe this is the biggest problem we have to face in the next decade.

DEVELOPING THE BUDGET

Anthony P. Spataro

According to Chapter 1716 of the New York State Education Law: "It shall be the duty of the board of education of each district to present at the annual meeting a detailed statement in writing of the amount of money which will be required for the ensuing year for school purposes, specifying the several purposes and the amount for each. This section shall not be construed to prevent the board from presenting such statement at a special meeting called for the purpose, nor from presenting a supplementary and amended statement or estimate at any time.

"Such statement shall be completed at least seven days before the annual or special meeting at which it is to be presented and copies thereof shall be prepared and made available, upon request, to taxpayers within the district during the period of seven (7) days immediately preceding such meeting and at such meeting."

Since September 1, 1973, school boards of common, union free and central districts may schedule the annual meeting of a school district on any Tuesday between May 1 and June 30. The date of the annual meeting must be made by action of the school board at a regular meeting. In the event of a change in date, the action must take place through similar action at a board meeting.

No such district meeting need be held, however, on the above dates, if the school district is divided into election districts and if voting machines are to be used for voting on the budget, but a public hearing must be held. The public hearing must be held not more than 30 nor less than 10 days before the day upon which the budget vote is to take place.

The annual meeting will take place in the main school building and will begin at 7:30 p.m. unless a different time was agreed on by vote of a previous district meeting. The budget vote is taken on the night of the annual meeting.

If the budget vote is scheduled for a separate time on the same day as the annual meeting, it shall be held during at least six consecutive hours after 7:00 a.m. and the opening of the annual meeting. If the budget vote is held on the Wednesday following, the time shall be during at least six consecutive hours after 7:00 a.m. and two of the six hours shall be after 6:00 p.m. Many school districts have voting from 12 noon to 8:00 or 9:00 p.m.

The clerk of the school district shall give notice of the time and place of holding the annual meeting, by publishing such notice once in each week within the seven weeks preceding such meeting, the first publication to be at least 45 days before said meeting in two newspapers, if there shall be two, or in one newspaper if there shall be one, having general circulation therein. If no newspaper has general circulation in the district then such notice shall be posted in at least 20 of the most public places in said district 45 days before the time of such meeting.

The school board is required to present at the annual meeting a detailed statement of the sums of money necessary for the various expenditures of the school.

The budget format and presentation used at the annual meeting varies from school district to school district. One technique is to identify sums necessary for expenditures as well as the corresponding revenue sources in a brief presentation

and then to field questions presented by members of the audience. Another approach would be to make a detailed presentation of the budget sums with supporting comparative data from previous years and other information that has an impact on the budget figures.

A copy of the annual school budget must be filed with the State Education Department's Division of Educational Management Services. The form provided is Form SBM-1. The form provides a summary of general fund appropriations broken down by major areas.

1. General Support — School board, central administration, finance, central services (operation and maintenance, printing, data processing), unallocated insurance, taxes and assessments on school property

2. Instruction — Administration and supervision, teaching staff, school library and media, pupil personnel services, BOCES, special schools (continuing education, summer school)

3. Pupil Transportation

4. Community Services

5. Undistributed Appropriations — Employee benefits, debt service

The form provides information for action on the part of voters to authorize appropriations for the general fund and to make necessary provisions for other appropriations such as a planned balance. The voting results are also shown on the form.

The general fund appropriations are broken down into detail by major areas, functions, functional units and categories of expense.

Any general fund appropriations for the school lunch fund or store fund are identified and listed.

Details of all revenues (other than real property taxes) from local, state and federal sources are listed. One section of the form provides for the determination of the real property tax levies for school purposes and for library purposes. Other information furnished by the school district on the SBM-1 form has to do with organization staffing, building facility information as well as enrollment estimates.

The budget preparation process is receiving more and more emphasis as school districts seek adequate revenue to finance the educational program. School districts are in direct competition with all the other political subdivisions for a fair portion of the tax dollar. The federal government collects its taxes and continues to ignore, deprive and withhold federal monies from elementary and secondary school systems. The State's contribution to school districts in the form of state aid continues to be unpredictable and subject to political expediency. The local community is visibly concerned about school taxes. Growing resistance to mounting school costs is evident and loudly expressed.

An overall strategy is needed before the budget process is started. You want to take your message to the community. The budget document becomes the means through which items of importance are presented to the community. The items to be stressed are determined and related to local conditions and every school district has its peculiar educational needs and financial problems. Hopefully the strategy deliberations will consider:

a. budget policies and the resulting effects on the district financial situation if any change in educational policy is being considered
b. where the district stands financially as the present school year is completed
c. expenditure estimates necessary to underwrite the proposed educational program and reasons for budget increases and/or decreases
d. conditions that can be foreseen that are likely to influence school costs
e. whether a school district should put its best foot forward and stress the good things the school district is doing with kids and the benefits accrued by the community.

Once a strategy or game plan is identified, a budget preparation schedule should be developed. Here is an example of such a schedule.

ISSUE PROCEDURES AND FORMS TO BE USED

1. What kinds of information are made available to staff and administration?

    a. Five year projections developed from census
    b. One year projected enrollment figures
    c. Per pupil allotment wherever applicable
    d. Coding and classification information
    e. Forms to used for:

        1. Personnel needs based on projected enrollment figures
            a. Teachers, teacher aides and secretarial, custodial and maintenance, cafeteria, transportation
        2. New programs or program changes
        3. Supplies and materials breakdown by department or school
        4. Equipment ($25 or over in value)
        5. Textbooks by department
        6. A-V and media supplies
        7. Other expenses
        8. Building maintenance and improvements

2. What kinds of information are sought on the worksheets?

    The form identifies the school building, the department and the code identification. The item is described – a known source of supply and the cost is listed – if not, the information is searched out by the business office staff.

    a. Present inventory of like units
    b. Intended use, frequency of use

c. An explanation of the need for this item

1. Is it a scheduled replacement
2. Will it replace a worn-out or obsolete item
3. Is it an item that affects safety
4. Will it expand any service
5. Will it save any personnel time
6. Will it bring about an increase in staff now or later

Priority wise is the item essential to program? Is it desirable, but can it possibly be delayed?

3. The central office puts together information relating to central services, employee benefits, debt service on the appropriation side. It develops revenue estimates from the various sources with particular emphasis on on state aid and the local tax levy.

4. External forces that influence the total budget process

a. Federal and state legislation that places additional burdens on the school district (FICA, Chapter 241)
b. Increased costs petro-chemical industry
c. Power bills (fuel adjustment rate .3322 on electrical power)
d. Negotiation process
e. Changes in equalization ratios and effect on total valuation base district will utilize
f. Poor local assessment practices and certoriari legal proceedings
g. Community pressures — for a good sound educational program by many in the community vs. a resistance to increased costs by taxpayers association

BUDGET CONTROL AND OTHER BUDGETARY CONSIDERATIONS

Charles T. Button

Once the budget has been established, steps must be taken to prevent over expenditure of the appropriations through the establishment of good budgetary controls. This is the important thing. You have the budget, now we have to spend under the budget, control it. We do not want it to go over, we have to keep an eye on the revenues. Some of these are mandated by law and Commissioner's regulations. Some are just good business practice.

While the establishment and maintenance of good budgetary controls should be properly delegated to the chief school administrator and his staff, the school board has three main responsibilities. These are (1) the adoption of sound policies concerned with the administration of the budget, (2) a careful review and adoption by motion of periodic financial reports concerning the status of revenue and appropriation accounts and bank balances, and (3) the approval of actions concerning district finances which are sound, business-like, based upon up-to-date financial data and conform to law and regulations.

Let us look at the various stages of budget administration and control in light of the responsibility of both board and administration. As a result of visiting and studying hundreds of school districts across the State, I have found that the most successful procedure for administration and control of the budget entail a partnership between board and administration. Wherein the board provides the guidelines for the adoption of policy and then reviews the progress of both revenues and expenditures through the use of financial reports; the chief school officer, the business official and the rest of the staff control the actual expenditure and revenue manipulation within the guidelines established by the board. Probably the business official and his staff are going to do nine-tenths, but the school board must develop policies to give them guidance. I cannot stress the role of the business official enough in this. He has the training, the experience and the know how to perform this function. That is what you pay him to do.

Let us look at policy development. I am going to stress a few things that I feel school boards should be mostly concerned with — guidelines for policies. Policy should not be too specific. If you want something specific, let the chief school administrator devote regulations to implement the broad policy set up by the board.

I would like to give you an idea of what we think policy should be and the types of policy we feel ought to be included to properly govern the control and administration of the budget.

ADMINISTRATION

The chief school administrator is responsible to the school board for the administration of the budget. He shall proceed as follows.

a. He shall acquaint district employees with the final provisions of the budget and guide them in planning to operate efficiently and economically within those provisions.

b. Under his direction, the treasurer shall maintain such records as are required by the uniform system of accounts and such other records as are deemed necessary and shall keep the various administrative units informed as to the status of their individual budgets. He shall discuss any deviation from original requests with the business official. Basically, here if you have building budgets and you want that building administrator to adhere to that budget, he has to know the status of it, then he can give periodic reports.

c. Heads of administrative units are responsible to the chief school administrator for operation of their units within budgetary guidelines or budgetary limits.

d. The school board shall require the district treasurer to render a monthly status report for each fund, including no less than revenue and appropriation accounts required in the annual state budget form. This is required by Commissioner's Regulation Section 170.28. The report will show the status of these accounts in at least the following detail.

1. The revenue accounts. You should have a listing that shows the estimated revenues, the amount received, the date of report, the revenues estimated to be received during the balance of the fiscal year. The overages and deficiencies are also important.
2. The appropriation accounts. This is the original appropriation, the budget adopted by the school board.
3. The transfers and adjustments column. I shall refer to that particular column a little later.
4. The revised appropriations. This is the budget you are actually working on.
5. The expenditures to date. How much money has been spent.
6. Outstanding encumbrances.
7. Unencumbered balance.

BUDGET TRANSFERS

This is another area that needs a great deal of explanation. Since section 170.2k, the Commissioner's Regulation requires, the board can keep the incurred obligations within the amount of the total annual approved appropriations voted or authorized. Since no function or object should be either overencumbered or overspent, the board will authorize the chief school administrator, each year at the organizational meeting, to make necessary budget transfers in accordance with section 170.21 of the Commissioner's Regulations.

Each time the chief school administrator approves a transfer of funds, such a transfer will be shown in the budget status report presented to the board by the treasurer at the next regular meeting. This is to keep the board informed. I do not think that these policies are all inclusive. Some of you probably have a much better set. These statements are only examples, they are not meant to be a panacea for all these problems, but they are an idea. They are the kinds of things that will set the pattern which will enable the administration to properly control the budget on your behalf.

Once the budget has been formally approved by the board in the city districts or by the voters in other districts, the new fiscal period begins. Accounting records must be established for both appropriation and revenue accounts. These are made following the opening entries taken from the June 30 balance sheet. Next, outstanding purchase orders carried over through the reserve for encumbrances must be re-encumbered. To do this, the total appropriations are increased by this amount. Individual appropriations in the subsidiary ledgers are increased for the use of the transfer adjustment column and then encumbrances are posted. If you have a $2 million budget and on the previous year's budget purchase orders have been left, in the amount of say $100,000, this means in your transfer adjustment column you will now increase that new budget by $100,000 and you now have a revised budget of $2,100,000. This is perfectly legal. These expenditures were approved by the people of the previous board, the board of the previous year. It is simply carried over for good business practice.

In order to maintain the quality of the budget status report, which is the key for school boards, and provide the board with an accurate financial picture, it is necessary for the district to properly encumber certain items. The uniform system of accounts requires the district to establish an encumbrance system for the general fund as a means of guarding against the creation of liabilities in excess of appropriations. Not only that, it is just smart business practice. There are two types of encumbering – one is mass encumbering and the other is purchase order encumbering. Mass encumbering should be done at the first of the fiscal year for salary codes (basically the actual contract and amounts), all other contracted items and utilities in the amount estimated for the entire year, and also debt service. Purchase order encumbering for point two, point four and point four-five object codes that might be thrown in there, should be done throughout the year from purchase orders and prior to their release.

As the year progresses, the board should concern itself primarily with the review of two reports – the budget status report and the treasurer's report of bank balances. The budget status report depicts the status of the revenue and appropriation accounts and provides the board with the unencumbered balance, basically the amount that is yet to be committed, or which may sometime be transferred. This report enables members to observe each account code as it progresses throughout the year. It will show all budget adjustments, either up or down, approved by the board and all transfers and budgetary appropriations. This report also reveals to board members the status of anticipated revenues.

Many times this part of the report is overlooked. However, if actual revenues do not reach the anticipated estimates, then some adjustments in expenditures may be necessary. You may estimate at the time you do your budget that you are going to get X number of dollars in state aid, but if changes in schedules occur and you find that your state aid estimates are high or sometimes low, this does make a difference. Therefore, it is important that you look at the revenues. I think it is very important that you look at this report because board members can particularly watch what is happening to the budget throughout the year, particularly if it comes on a monthly basis. It is not necessary for the board to approve bills as long as it keeps track of what is happening to the district's finances through this particular report and the second report, the treasurer's report of bank balances. This enables the board to know the status of cash deposits as reconciled at the end of each month. It also helps project the picture of future cash flow and serves as the basis for short term investments of surplus funds. Those two reports are the main ones that boards should look at periodically.

PURCHASING

Now I would like to talk about purchasing as a means of budgetary control. One of the major ways in which budget control can be maintained is through proper control of the purchasing function. This does not always involve a lion's share of appropriations since these are found in employee contracts, regulating salaries and fringe benefits, contracted services, utilities and debt service, but it is what you can control and proper steps must be taken. The role of the school board in purchasing is two-fold. One of them is to adopt policy pertaining to the purchasing function. If the school board adopts the constraints and the guidelines for purchasing, the purchasing agent and the members of the administration can carry out their function within these guidelines.

The other role of the school board is to appoint a purchasing agent with authority to commit the district for obligations which will require payment. I shall discuss this in detail a little later.

You also need to approve contractual agreements based upon bids in conformance with section 103 of the General Fiscal Law. There are probably other things I could have listed, but these are the main ones. Let us go to the purchasing policy.

In order to insure an efficient, responsive and effective purchasing procedure, the school board with the assistance of the chief school administrator and his staff should develop policy guidelines which will pertain to the purchasing function. The Division of Educational Management Services of the State Education Department provides guidelines to give you an idea of the kinds of policy that should be developed by a school board. I would like to read you, as part of my presentation, a few things from this booklet.

1. A statement of philosophy; what should happen within a purchasing procedure. The function of the purchasing office is to serve the educational program by supplying the necessary supplies, equipment and services in a timely fashion.

2. The school board declares its intention to purchase competitively without prejudice and to seek maximum educational value for every dollar spent.

3. The acquisition of services, equipment and supplies is centralized in the purchasing department which functions under the supervision of a person designated as purchasing agent by the board. All purchase transactions are conducted through this office. If you are going to control your purchases, it can only be done if you put that control with one person who is held responsible for the purchasing function. Let him organize it within your guidelines so that he will be responsible for them. If he has the responsibility, he should have the control. He should actually purchase, not just rubber stamp orders.

PURCHASING POLICIES

These are the kinds of things that you should, as board members, adopt to govern it. It is a hypothetical purchasing policy for a hypothetical district.

1. The business administrator or other designated person is appointed by the school board to serve as purchasing agent. He should be responsible for developing and administering the purchasing program of the school.

2. Competitive bids or quotations shall be solicited in connection with all purchasing whenever possible. Contracts shall be awarded to the lowest responsible bidder applying the specifications with other stipulated bidding conditions.

3. The purchasing agent is authorized to issue purchase orders without prior approval of the school board for formal bidding procedures are not required by law and when budget appropriations are adequate to cover such obligations. These are not to exceed the appropriations.

4. All purchase contracts for materials, equipment and supplies involving an annual expenditure of over $1,500 and all public work contracts involving over $3,500 shall be awarded on the basis of public advertising and competitive bidding. The business administrator or designated person is authorized to open bids and record the same in accordance with the law. However, it is up to the school board to adopt the bid and award the contract to the lowest responsible bidder.

5. All contracts which require public advertising and competitive bidding shall be appointed by resolution of the board. Recommendations for the award of all such contracts should be submitted to the board by the chief school administrator.

6. Residence or place of business of local bidders may be a consideration only in cases where identical bids have been submitted. It is not fair to all of the members of your school district to give business to one or two.

7. Purchases shall be made through availab[illegible] state contracts in the divisions and status of purchase whenever such purposes are in the best interest of the school.

8. Items commonly used in the various schools or units thereof shall be standardized whenever consistent with educational goals and in the interest of efficiency and economy.

9. A petty cash fund shall be established annually in the amount not to exceed $100 for each school building or for the central administrative office. It is possible under the new regulation for you to designate a number of different people to give a petty cash fund. Such funds shall be used for payment of properly itemized bills of nominal amounts and other conditions calling for immediate payment. Allowances, responsibility, security and accounting of petty cash funds shall be in accordance with the regulations of the Commissioner of Education.

10. The purchasing procedure shall comply with all applicable law and regulations of the Commissioner of Education.

11. Last but not least, no board member, officer or employee of the district or their families shall be interested financially in any contract entered into by the board. This shall also preclude acceptance of any gratuity, financial or otherwise, by the above persons from any supplier of materials or services to the district.

This is the kind of control policy that should be developed.

PURCHASING AGENT

Section 170.2 of the Commissioner's Regulations requires the school board to designate the person responsible for purchasing. The person so designated is referred to as the purchasing agent. The purchasing agent should be authorized to issue purchase orders without prior approval of the school board for formal bidding procedures not required by law and where sufficient budgetary appropriations exist. In all instances he should adhere to the policies adopted by the board. Since this position requires a highly developed sense of responsibility and since school district purchasing is a sensitive area of school-community relations, care should be taken in the employment of a purchasing agent to insure that he or she has the necessary confidence and personal characteristics to result in the best interest of the district. It calls for a person who is knowledgeable in the area of purchasing. It takes someone who has time, and you have to provide him with time, for the job of purchasing. It takes someone who can meet with staff and provide things that they need in a timely fashion. School boards who feel reluctant to delegate the responsibility for purchasing to the purchasing agent should take into consideration the following.

First of all, the purchasing agent must adhere to law and regulation. He must adhere to policies adopted by the board. He must work with budgetary appropriations approved by the board and the people. Most of the district purchases have been reviewed during the budget sessions prior to the adoption. These purchases result from either budget development requisitions or individual supplemental requisitions which are requested by staff members and approved by their immediate supervisor. Before any claim may be paid, the purchasing agent must certify that the purchase was indeed authorized by him.

BIDDING

Section 103 of the General Municipal Law requires that all public work contracts above $3500 and all purchase contracts above $1500 must be bid. It protects the school district taxpayers because there have been places where the school districts did not always adhere to the regulations. They were inclined to let contracts off to other than the lowest bidder.

Quotations where bidding is not required, the board may stipulate and many boards do, that two or three quotations be obtained by the purchasing agent before the item is purchased. This is usually on a dollar limit for everything over $500 or over $1,000.

Excessive use of confirmation orders results in the following.

1. They do not allow the proper check for sufficient appropriations.

2. They aggravate the delegate power of the purchasing agent to approve district purchases.

3. They do not allow for badging of orders.

4. They may result in overexpenditure of appropriations.

5. They may result in nonconformance with law, particularly section 103 in which they exceed the bidding part.

STATE PURCHASE CONTRACTS

School districts have been legally eligible for many years to make purchases through contracts supported by the Division of Standards and Purchases. Many items used by school districts are bid by the State. Using state purchase contracts relieves the local district from responsibility for bidding the items involved. However, the school district must be satisfied with the state's specifications and state delivery dates. I would encourage, whenever possible, every district to use the resources of the Division of Standards and Purchases when needed.

OPEN PURCHASE ORDERS

There is another area that requires exploration, that is open purchase orders. Since charge accounts are not permitted in school districts, you may have a difficult situation when a custodian needs a couple of nails to finish something. To run a purchase order through would be a long kind of situation and an expensive one. He would like to run down and get these at the local hardware store. We have a situation called an open purchase order to cover this. Purchases of small dollar amounts may be expended through the use of an open purchase order. To maintain proper accounting control and be able to encumber, selected local vendors would be sent a prenumbered purchase order with a specified dollar amount, and inscribe the name of the staff member approved by the school for making purchases. These staff members would make the necessary purchase and return their copy of the sales slip to the business office. These would be reconciled with the bill at the end of the month.

PETTY CASH

Section 170.4 of the Commissioner's Regulations allows the board to establish petty cash funds, as many as they want. The board has the responsibility, however, to adopt rules and regulations to govern the use of these funds. Key provisions to these rules and regulations should be to (1) designate the person responsible for the funds, (2) specify the maximum amount, not to exceed $100, and (3) regulate the payments and reimbursements pertaining to each fund. Payments from petty cash funds may be made for materials, supplies or services, only when required upon delivery. I think it is up to the school board if they are going to establish petty cash funds and it is up to the chief school administrator and the school business official to make sure that the monies therein are used correctly.

BUDGET TRANSFERS

Transfers are made to keep the budget in balance and to prevent overexpenditure of appropriations. Various sections of law, Commissioner's Regulations, the uniform system of accounts, and just plain good business sense requires the district to take steps to insure that the overexpenditure of appropriations does not occur. Since budgets are composed of calculated estimates, you do not know what it is all going to cost. You have an idea and you put enough money in there and hope you are going to carry it. You can only base it to the best of knowledge. We had this big jump in social security and it caught everybody. We have had increases in fuel. Certainly you cannot budget to the fine-eyed point that you are always going to have everything that you need in a particular category, so there are calculated estimates of the expenditure level needed and each budget code to satisfy the needs of each educational program.

It may be necessary to transfer funds from one code to another when these estimates do not prove out. Transfers should be made, as needed, to prevent an appropriation going in the red. A few school boards wait until the end of the year to make transfers. However, this procedure makes budgetary control difficult since the budget report becomes a mass of plus and minus figures. If you are going to use it to know the status of your budget accounts, you should be making your transfers to keep everything in the black. What may be transferred? Commissioner's Regulations section 170.2 states that boards have the power and it will be their duty to make transfers between and within the functional unit appropriations for teachers' salaries and ordinary contingent expenses. For a city district this presents no great problem since the board approves the budget, but in union free and central districts where the people approve the budget, transfers may not be made in a noncontingent without going back to get the approval of the people. If you are going to make transfers you, the members of the school board, can only make them between ordinary contingent expenses and teacher salaries.

Who authorizes transfers? School boards may authorize transfers by motion at regular meetings. However, this procedure usually slows down the purchasing procedure. No purchase order should be released unless a sufficient appropriation exists. In order to alleviate waiting for the next board meeting to occur, section 170.21 also states that the school board may, by resolution, authorize the chief school administrator to make transfers within limits as established by the board. Most school boards now have granted this authority to the chief school administrator. How does the board know what the chief school administrator has transferred? Section 170.2p of the Commissioner's Regulations stipulates that all transfers authorized by the chief school administrator must be reported in the transfers and adjustment column of the budget status report presented to the board and it must come at the next regular meeting so the board can find out what is happening. I would certainly recommend that all school boards authorize the chief school administrator to make budget transfers. It speeds up this whole process.

INTERNAL CLAIMS AUDIT

When school boards do not have the time or the expertise to go through these claims we recommend that the boards consider internal claims audit. I would like to say something about the internal claims auditor a lot of people do not understand. It has to be someone with integrity, someone who is not afraid to challenge a claim if he does not think it should be paid. I also think it is something that you don't have to create a new position and hire somebody at $15,000 to do. If you are a very large district such as Syracuse or Yonkers, you may consider hiring a full-time internal claims auditor; but for most places it can be an added responsibility of somebody already on the clerical staff.

The internal claims auditor is directly responsible to the school board. When the office of auditor has been established and an auditor has been appointed and class qualified, the powers and duties of the school board with respect to auditing, allowing or rejecting all counts, claims or demands against the school district shall devolve upon and thereafter be exercised by such auditor during the continuance of such office. You can rescind this anytime you want, so you have perfect control over it. All claims must be presented to and approved prior to payment by the internal claims auditor in charge of the auditing function. Depending upon the size of the district, and the number of personnel assigned to the accounts payable function, much preliminary work can be accomplished to expedite the auditing process. The officer or employee who initially receives the claim might review for obvious

deficiencies, and if necessary return the claim to the vendor for proper completion or compliance. When the claims are delivered to the internal claims auditor for approval, he should ascertain that at least the following tests have been performed prior to releasing the claims for payment.

1. He should prove the mathematical accuracy of all computations. This should include verification of extension and additions and recalculations of any discount.

2. Determine that the charges are not duplicates of items already paid. Recollection of previous vouchers from the same vendor with similar charges might be a prompting influence to cause further investigation.

3. Compare the voucher with the purchase order.

4. See that the voucher is properly itemized. Vouchers for supplies or materials should show such items as weight or quantity, size, grade, unit, price and total as well as any other data appropriate to the commodity purchased. Vouchers for multiple deliveries such as gasoline or fuel oil should be supported by delivery tickets signed by the person accepting delivery and identifying the equipment, and the storage area or building to which the delivery was made. Delivery tickets furnish additional proof that the district actually did receive the items for which it is paying. Vouchers claiming reimbursements for authorized expenses incurred by district personnel, in addition to a copy of the authorization, should show the reason for the expense, as well as the details of the various items such as travel, lodging and meals. Where possible receipted bills should be attached to expense vouchers. A hotel bill is a good example of this type of bill.

   When a personal car is used for travel, the voucher should indicate the purpose of travel, the number of miles traveled, the dates and points of travel and the rate per mile. The rate per mile should be the rate established by resolution of the board, usually done at the organizational meeting. Expense vouchers should be submitted by the person incurring the expense, and not by another individual as a part of a general claim for all persons traveling to a common destination. Each one should be separate. A simple rule to remember on itemization is that the voucher should contain sufficient detail to permit a satisfactory audit by a person who is entirely unfamiliar with the transaction.

   In the event that the district has authorized travel advance under section 77B of the General Municipal Law, the internal claims auditor should review the written request for advance for proper authorization prior to forwarding their request to the treasurer. When the claim for reimbursement is filed, the claims auditor should, in addition to tests previously mentioned for travel claims, make certain that the value of the advance has been deducted in the amount of the claim. When the amount of such advance exceeds the amount of the claim, the voucher should be returned to the business officer for recovery of the amount due the district.

5. He should observe whether the official who gave rise to the claim has indicated his approval. The official is ordinarily a purchasing agent.

6. He should see that a voucher is accompanied by a receipt of the employee who actually received the materials or equipment for which the claim is made. Normally this is transmitted to the signing and dating of the receiving copy of the purchase order. The audit of a voucher by the internal claims auditor should not be a casual review, but a deliberate and thorough process to determine that the proposed payment is proper and just.

In summary, the audit process should ascertain (a) that the proposed payment is valid and of legal purpose, (b) the obligation has occurred by an authorized district official, (c) the goods or services for which the payment is claimed were in fact received, and (d) the voucher is in proper form, it is mathematically correct, each legal requirement does not include any charges for taxes from which the district is exempt, includes any discounts for which the district is entitled, does not include charges previously claimed and paid and is in agreement with the attached purchase order.

After the internal claims auditor has performed his duty, he then directs the treasurer to pay the claim. The treasurer should not pay any claims until he has the direction either from the clerk who signs this warrant after the board has authorized the payment or the internal claims auditor has signed the warrant himself.

One of the results of employing an internal claims auditor in a district is as follows. The workload in the business office is more evenly scheduled instead of peaking just before or after board meetings. In other words when the board is doing this you get a peak workload to get ready for the board meeting and then you have to take care of it after. With an internal claims auditor and with the ability to make budget transfers you then can equalize that workload and do a better job. Claims are paid on a more timely basis, thereby improving vendor relations, and with timely payments the district may obtain discounts and thus save money for other use. Most school boards in districts of any size are utilizing the services of an internal claims auditor.

BUDGET REJECTION

Some of you may be faced with this. Once a budget has been defeated by the people (this would not apply to city districts, only union free and central), then the school board has several options.

1. The board may repair and adopt a contingent budget without going back to the voters.

2. The board may present the original budget or a revision of it at a special district meeting.

3. The board may establish a contingent budget and present one or more special propositions to the voters giving them the opportunity to appropriate funds in support of funds which cannot be provided without voter approval.

4. In the event the board declines to take any of the steps outlined in 1, 2, or 3, section 2008 of the Education Law provides a means whereby a stipulated number of citizens may petition the board to call a special district meeting to vote on one or more budget related measures.

5. It is generally considered good practice to submit a budget for at least a second vote. In any event, every opportunity should be afforded the voters to reach a clear understanding of the importance of their decision.

A pamphlet called, "The Board of Education's Responsibility for Contingency Budgets" is available from the Division of Educational Management Services for your information on contingency budgets. It gives most of the information that is available in the State concerning contingency budgets.

Once the new fiscal year begins, the board should identify those items of contingent nature and adopt a contingency budget. This can then be spread in the district account records to enable salaries and bills to be paid. If a new budget is adopted, or if one or more propositions are passed, records may be adjusted to reflect this change. If no change occurs, care should be taken by the board and administration to insure that only expenditures for teacher salaries and ordinary contingent expenses are allowed.

RESERVE FUNDS

One aspect of long range budget control might be the use of a capital reserve fund or a repair reserve fund. These are usually considered by the school board when the district is fortunate enough to have a large budget surplus at year's end or when the board wants to reduce the effects of a building program on future tax rates. If you are lucky enough to have a surplus I do not recommend that you put it in the reserve repair fund. In the old days that used to be a nice hiding place. People would put it into the reserve repair fund, carry it over to the next school year and then back to the general fund. However, they made some new laws and regulations and you cannot do that anymore. The repair reserve fund can no longer be used as a convenient hiding place. Once you put it in there, you cannot get it out legally. On the other hand, the capital reserve fund is a good idea. Some boards have actually put X number of dollars into a capital reserve fund, invested the money and let it accumulate. When it comes time for their building program, let us say they have 75 percent state aid, for example, they may well have accumulated 25 percent and they can pay it all off in one year and not have all those interest costs.

Under section 6D of the General Municipal Law, the following steps must be taken to establish a repair reserve fund.

1. The school board, without voter approval, may establish a repair reserve fund by majority vote of its members.

   Monies paid into the fund may be from a budgetary appropriation or from surplus revenues. Payments, in case of emergency expenditures, may be made by a two-thirds vote of the board; however, not less than one-half of the money so expended must be repaid in the next fiscal year and the remainder of the money must be paid in the second fiscal year. You can take them out for repairs, but you have to put them back within two years.

2. In order to use these funds for any purpose other than emergency, the board must hold a public hearing and publish a notice of such hearing in a designated newspaper at least five days prior to the hearing. In addition to the emergency use above in item No. 1, these monies can only be used for (1) repair or capital improvements or (2) equipment on which repairs

are of a type not recurring annually or at shorter intervals. A transfer to the capital reserve fund is the provision of Section 3651 of the Education Law. If you have one, the monies in the repair reserve fund shall be deposited in a bank designated by the board in a separate bank account. It may be invested with an interest added fund.

PENALTIES

The members of the school board shall be guilty of a misdemeanor if they (a) authorize a withdrawal from a repair reserve fund for any purpose other than provided in this section and (b) spend any money withdrawn from a repair reserve fund for any purpose other than that provided for in the preceding section. Once established there is no way for a board to use the monies except for (1) proper repairs or (2) transfer to a capital reserve fund. The board may not, even with voter approval, authorize transfer of unneeded repair fund monies back to the general fund.

INVESTMENT PROGRAMS

I would like to talk just for a moment on one other aspect of budgetary control. We have talked a lot about expenditures, control of the budget items, accounting, and transferring back and forth. What about revenues? They may be controlled. You can control the tax rate of course. About the only other areas you can actually control other than figuring out what you are going to get of any size would be your investment program.

According to one survey conducted recently, districts across the State varied tremendously in the amount of money they were able to get from the investment of surplus monies. Basically what is needed more than anything else is a cash flow chart. Every good school administrator or business official should be able to develop a cash flow chart by month showing when the monies are anticipated coming into the district and when these monies are going to be needed for salaries and so forth. Then they would be able to determine when they are going to have some unused money which can then be put into various kinds of investment programs. A booklet called The Borrowing and Investment of Funds has been developed by the State Education Department. There are certain requirements for the investment of funds. Some school districts, this last year, have been doing very well. They are getting, on a short-term basis, 11 percent and 12 percent for investments over $100,000 and doing very well by it. As board members, chief school administrators and business officials I would look closely at my investment program and see whether we could get better returns by good investment.

Finally, I would like to give you some definitions which often cause confusion among everyone.

The cash balance is the total amount of money found in the general fund for checking and savings accounts at the end of the fiscal year on June 30. This includes any temporary investments such as CD's and so forth, or treasury bills that you may have. It is the amount of cash money that you have at the end of the fiscal year.

The fund balance, on the other hand, is surplus or deficit or net worth if you will. These are all synonymous terms. Simply stated a fund balance is a result of the total year's operation, arrived at by taking all the assets at year's end, subtracting all liabilities and reserves. The difference remaining is called fund balance.

The planned balance is something else. The planned balance permits union free and central districts (cities cannot do this) to authorize an increase in taxes to provide funds which will be utilized to meet expenses during the first 120 days of the next fiscal year. This money, when it is received, is placed in a reserve for planned balance and treated next year as a revenue. For example, if you now have $100 in your pocket, your cash balance is $100. If you owe $50 of that, your fund balance or surplus is $50. However, if you take $25 of that and put it in your pocket for use next week, the planned balance is $25. What you have on hand is cash. Your cash minus what you owe is your fund balance and if you take some of it and put it aside, that is your planned balance.

To recapitulate; budgetary control should be a partnership action with the school board providing the directions through board policy and the administrative staff, consisting of the chief school officer and business official carrying out the actual manipulations. The school board's main concern in budgetary control is policy development and adoption. The board should also review and really look over financial reports before approving financial actions to make sure such actions are sound, business-like and based upon up-to-date financial information. A school district is fortunate indeed if it has a school board and chief school administrator who are partners in budgetary control, and if the business official is skillful in manipulating school district funds in conformance with law and regulation, and school board policy.

BUDGET PRESENTATION

Bradford W. Fancy

I am pleased to discuss with you some of the problems and perhaps even some of the pleasures of presenting your budgets to the public. Historically, by the time you are ready to present your budget to the public, whether it be at an annual meeting or a public hearing, the process will have included many hours of meetings between the chief school administrator and the school board. During those meetings there has been some soul searching and further discussion on where the funds will be spent and especially how limited those funds are.

Unless you are in the second and third year of a negotiated package, negotiations will probably still be in progess, and during that very intensive process of negotiations; that is, the negotiations between the chief school administrator and the school board, priorities will have been set and you know approximately how much money it is going to cost for a salary settlement. You also know the mandated costs, and in the final stage, those deliberations will center around the programs that you as professionals have decided that your school needs in order to present to the children a superior form of education.

The two points of major deliberation, that is salary and mandated costs, and those programs which you would like to initiate or continue may not be harmony, as a matter of fact there may be a very high degree of discord because lurking in the back of everyone's mind at this time is that all important factor — the tax rate. As Governor Carey put it "The days of wine and roses" are over. I am not really certain how the Governor meant his allusion when he used the expression "wine and roses", but I do know that in education we have had no wine and few roses. Before we take a look at the actual budget presentation to the public, let's take a very quick look at the historical facts which bring us to the presentation.

I am certain that many of you have heard that realistically there are actually very few areas of the budget which can come under any debate at all.

If you were to look at a typical school budget, you would probably find that 57 percent is expended for personal services, 15 percent in fringe benefits, 12 percent in debt service, six percent in other expenses, four percent in supplies, one percent in equipment, and the remainder being expended for BOCES services or other unclassified expenses.

The question remains, from the general public's point of view, exactly how much of the budget can be "pared". From a realistic point of view, the annual meetings this year will, to a very large degree, be governed by an emotional scrutiny rather than an educational or logical point of view.

As reported in the August 1974, edition of the New York State School Boards Association's Journal, in the middle 1950's, out of the 667 school budgets which were voted upon, the number of defeats was infinitesimal.

Ten short years ago the number of budget defeats fell in the area of four or five percent. In the last three or four years, this figure rose to between 14 and 20 percent.

It is impossible to forecast today what this figure will be in July of 1975. Quite frankly, the success of budget approvals will depend, to a very large degree, upon your ability to convey to the public your needs in such a way that they will approve the budget.

Here are some of the things you should consider in presenting your budget to the general public.

TIMETABLE

Begin public relations activities concerning your budget early in the year; preferably in September. People who know what is going on in the hallowed halls may be your best supporters. Keep everyone informed. Toot your own horn. Do not wait until the month before your presentation to try to convince the public. This is artificial and most people, supporters or adversaries, will reject your efforts as "smoke screen" – "well here they are again getting ready to ask for more money". Tell your public on a continuing basis what you are doing for children, adults, senior citizens, community programs, recreation. You may certainly "step up" your public relations program for a few weeks before the meeting or hearing, but this is definitely more natural and more readily acceptable than a dismal void from September to May followed by a frantic flurry of news articles or newsletters.

BUDGET DOCUMENT

The length of the printed document or form depends on your success in the past.

1. Too short – you are suspect – what are you trying to hide?

2. Too long – you may be in for a long night. You may also stimulate some unsatisfactory discussion on items which are insignificant or uncomfortable to handle in a public meeting.

There should be some comparison between the current budget and the previous year's budget. Current allocations are put in some sort of perspective this way, and it gives the public some point of reference. If you do not provide the information you will probably have to provide it verbally. This can be frustrating and very time consuming.

Do not provide a sterile document with budget codes and dollar amounts. Give a brief explanation of the reasons why a broad code has changed significantly. Any information and explanation will make a much more pleasant presentation especially for those people who have no idea what their money is being spent for. These explanations will not change from year to year, but explanations for significant changes should be revised annually.

The total document should include (1) a general statement about the budget (philosophical statements), (2) appropriation expenses as already presented, (3) expected revenues, (4) perhaps a summary statement of the major areas of expense such as school board, central administration, instruction (regular day school and special school), transportation, undistributed expenses, and debt service.

WHO PRESENTS?

Simply – the person who can do the best job; someone non-controversial – if you can find one these days. It is very unfortunate when a good sound budget is defeated because of the person who presents it. He should be knowledgeable concerning the major facets of the budget but cannot know everything. Therefore, there should be other back-up people who may be more intimately informed on a specific phase or program. Use them. Beware of staff or board members who know very little about everything. They tend to talk in circles and dig very deep holes when they get into trouble or do not know a subsequent answer. When this happens they tend to wander all over the place and open up whole new areas of irrelevant subjects.

Anticipate some of the major problem areas and decide who shall answer questions if any are asked. Divide your budget into three or four areas, e.g., business administrator – transportation, utilities, cafeteria, maintenance, insurance; chief school administrator – program, teachers, negotiated package.

In the British Isles when people go to fairs they have the opportunity to throw missiles at "Aunt Sally". The intent is obvious and definitely provides some psychological outlet for relieving frustration. Even the most timid hurler can toss his missles with as much force and malevolence as he desires without invoking any disapproval. At our annual meetings or budget hearings we may become "Aunt Sallys". The hurler of the missles or vindictive barbs now has his day. He finally has the opportunity to ask his questions or take a very definite stance on his forum. It is probably his only opportunity to vent his frustrations against what he considers to be an unthinking, unfeeling and alien bureaucracy. Regardless of how valid his questions or criticisms may be he will be heard, and he probably has other supporters. Members of the board or administrators may themselves become frustrated in their attempts to answer his questions or counter unfair criticism. However, you must be very careful in your treatment of this situation. As ridiculous as he may be do not, under any circumstances, attempt to discredit him publicly by using his tactics. Even those in the audience who were not sympathetic may change their stance. You have an obligation to counter any misstatements for the benefit of those who will listen to you, and I certainly hope for your sake that the majority of people in the audience recognize him for what he is and will admire you even more for your patience and professionalism.

I feel that a "presenter", one who does not have a personal interest in this budget, can best handle this situation. He is probably (if he is well prepared and dynamic) better able to terminate a situation, should it become ludicrous, without giving the impression that he cannot take the heat.

Then there is that very logical, well planned, documented with fact position for which neither you or anybody else has an appropriate counter. One example of this type of problem involves the little old lady with the dark hat adorned with flowers in the front row. She may be a carbon copy of your mother or grandmother whose only income is being chewed away violently by taxes and inflation. She says very sweetly and softly, so softly that the question resounds through the hall with a deafening roar, "How can we keep our homes when the school taxes keep going up?" If you didn't increase your "old age exemption" this year – what can you say? About all you can do is to make some sort of weak apology for the tax structure being what it is and pray that the loudmouth will not jump again to his feet and start exploiting the issue – you can deal with him.

Throughout the whole ordeal be careful you do not misinterpret an intention by a taxpayer. Do not assume that the next question following the loudmouth will be asked with the same vindictiveness. The question may be asked for information, and the person asking the question may be an exemplary supporter of your programs. This is why I caution you to maintain your demeanor and good humor.

Honesty and correct information must be inherent both in your presentation and the document itself. If any item is in the budget it is there for a reason, and if it is a legitimate reason you have nothing to hide. There is really some question as to whether you could hide anything even if you were so disposed because your publics are well-informed and much more perceptive. Do not allow omission, misinformation, or lack of preparation become confused with dishonesty by your publics. The whole budget presentation can evolve into a Donnybrook or a study in futility if there is no logical explanation for budget expenditures. The public may not be in agreement with the expenditure, but their unhappiness or disagreement is a far cry from suspicion by the general assembly that you are trying to hide some illicit expenditure in the budget.

Preparation for the budget presentation may be time consuming, but the time spent in preparation will show the public that it is a well-prepared document and instill confidence in the people who are in attendance. If the results of the meeting are unsatisfactory it should not be because of inadequate preparation.

The budget is a cooperative effort and is a result of deliberation and consultation between staff, chief school administrator, and the school board. Leave disagreements or discussions in the board room. Your budget presentation should be a unified effort to provide the best educational opportunities for children. Board members are the policy making body, so make it your policy to give the chief school administrator the best possible budget for him to administer. Do not fragment yourselves once the budget is decided upon, defend it, sell it based upon the fact that this budget is the best you as a unified group can provide.

As I said earlier, the success of your presentation may be determined by emotional factors rather than logical decisions. You may find yourselves the end result of high taxes, rising inflation, unemployment or apathy. Supporters of the educational system may not be present at the meeting and the direction taken by those in attendance may not be truly representative of the public, but the fact remains that they are the ones who cast the votes. Evidence is pretty conclusive that generally those who are vociferous and attend budget sessions are the people who are displeased, and it is not until a crisis arises that your supporters show up. It may be valuable to you to assess your situation and perhaps launch an all out campaign to achieve a good balance. This is where that good public relations comes in — do not lose by default.

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